

1 Susan Gross  
2 8160 Mohawk Lane  
3 Reno , NV 89506  
4

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5 UNITED STATES BANKRUPTCY COURT U.S. BANKRUPTCY COURT  
6 DISTRICT OF NEVADA MARY A. SCHOTT, CLERK

Susan Gross

Case # 10-52990 gwz

Plaintiff,

vs.

National Default Servicing

Defendant

PETITION FOR TEMPORARY  
INJUNCTION

Date: 9/23/10

9 Comes now Susan Gross , hereinafter referred to as "Petitioner," and moves the court for relief  
10 as herein requested:

11 PARTIES

12 Petitioner is Susan Gross , 8160 Mohawk Lane Reno NV 89506. Currently Known  
13 Defendant(s) are/is: National Default Servicing

14 STATEMENT OF CAUSE

15 Petitioner, entered into a consumer contract for the refinance of a primary residence located at  
16 8160 Mohawk Lane , hereinafter referred to as the "property."  
17 Defendants, acting in concert and collusion with others, induced Petitioner to enter into a  
18 predatory loan agreement with Defendant.

19 Defendants committed numerous acts of fraud against Petitioner in furtherance of a carefully  
20 crafted scheme intended to defraud Petitioner.

21 Defendants failed to make proper notices to Petitioner that would have given Petitioner warning  
22 of the types of tactics used by Defendants to defraud Petitioner.

23 Defendants charged false fees to Petitioner at settlement.

24 Defendants used the above referenced false fees to compensate agents of Petitioner in order to  
25 induce said agents to breach their fiduciary duty to Petitioner.

26 Defendant's attorney caused to be initiated collection procedures, knowing said collection  
27 procedures in the instant action were frivolous as lender is estopped from collection procedures,  
28 under authority of Uniform Commercial Code 3-501, subsequent to the request by Petitioner for  
29 the production of the original promissory note alleged to create a debt.

30 **IN BRIEF**

31 *(Non-factual Statement of Posture and Position)*

32 It is not the intent of Petitioner to indict the entire industry. It is just that Plaintiff will be  
33 making a number of allegations that, outside the context of the current condition of the real  
34 estate industry, may seem somewhat outrageous and counter-intuitive.

35 When Petitioner accuses ordinary individuals of acting in concert and collusion with an  
36 ongoing criminal conspiracy, it tends to trigger an incredulous response as it is  
37 unreasonable to consider that all Agents, loan agents, appraisers, and other ordinary  
38 people, just doing what they have been trained to do, are out to swindle the poor  
39 unsuspecting borrower.

40 The facts Petitioner is prepared to prove are that Petitioner has been harmed by fraud  
41 committed by people acting in concert and collusion, one with the other. Petitioner has no  
42 reason to believe that the Agent, loan officer, appraiser, and others were consciously aware  
43 that what they were doing was part of an ongoing criminal conspiracy, only that it was,  
44 and they, at the very least, kept themselves negligently uninformed of the wrongs they  
45 were perpetrating. Petitioner maintains the real culprit is the system itself, including the  
46 courts, for failure to strictly enforce the consumer protection laws.

47 **CAREFULLY CRAFTED CRIMINAL CONNIVANCE**

48 *(General State of the Real Estate Industry)*

49 **THE BEST OF INTENTIONS**

50 Prior to the 1980's and 1990's ample government protections were in place to protect  
51 consumers and the lending industry from precisely the disaster we now experience.  
52 During President Clinton's administration, under the guise of making housing available to

53 the poor, primary protections were relaxed which had the effect of releasing the  
 54 unscrupulous on the unwary.

55 Prior to deregulation in the 1980's, lenders created loans for which they held and assumed  
 56 the risk. Consequently, Americans were engaged in safe and stable home mortgages.  
 57 With the protections removed, the unscrupulous lenders swooped in and, instead of  
 58 making loans available to the poor, used the opportunity to convince the unsophisticated  
 59 American public to do something that had been traditionally taboo; home buyers were  
 60 convinced to speculate with their homes, their most important investment.

61 National Default Servicing , Ameriquest, Countrywide, and many others swooped in and  
 62 convinced Americans to sell their homes, get out of their safe mortgage agreements, and  
 63 speculate with the equity they had gained by purchasing homes they could not afford.  
 64 Lenders created loans intended to fail as, under the newly crafted system, the Lender  
 65 profited more from a mortgage default than from a stable loan.

66 Companies cropped up who called themselves banks when, in fact, they were only either  
 67 subsidiaries of banks, or unaffiliated companies that were operated for the purpose of  
 68 creating and selling promissory notes. As will be demonstrated, these companies then  
 69 profited from the failure of the underlying loans.

## 70       ***HOW IT WORKS***

71 Briefly, how it works is this, the Lender would secure a large loan from a large bank,  
 72 convert that loan into 20 and 30 year mortgages and then sell the promise to pay to an  
 73 investor.

74 People would set up mortgage companies by securing a large loan from one of the major  
 75 banks, then convert that loan into 20 and 30 year mortgages. In order to accomplish this  
 76 an Agent would contract with a seller to find a buyer, bring both seller and buyer to a  
 77 lender who would secure the title from the seller using the borrowed bank funds for that  
 78 purpose, and then trade the title to the buyer in exchange for a promissory note.

79 The lender then creates a 20 or 30 year mortgage with money the lender must repay within  
 80 6 months. As soon as the closing is consummated, the promissory note is sold to an  
 81 investor pool.

82 Using the instant case as an example, a \$200,000.00 note at 6.6850% interest over 30  
 83 years will produce \$153,924.79 The lender can then offer to the investor the security

84 instrument (promissory note) at say 50% of it's future value. The investor will, over the  
85 life of the note, less approximately 3.00% servicing fees, realize \$235,644.65 . The lender  
86 can then pay back the bank and retain a handsome profit in the amount of \$50,220.60. The  
87 lender, however, is not done with the deal.

88 The lender signed over the promissory note to the investor at the time of the trade, but did  
89 not sign over the lien document (mortgage or deed of trust). The State of Kansas Supreme  
90 Court addressed this issue and stated that such a transaction was certainly legal. However,  
91 it created a fatal flaw as the holder of the lien document, at time of sale of the security  
92 instrument, received consideration in excess of the lien amount. Since the lien holder  
93 received consideration, he could not be harmed. Therefore the lien became an  
94 unenforceable document.

95 This begs the question: if keeping the lien would render it void, why would the lender not  
96 simply transfer the lien with the promissory note? The reason is because the lender will  
97 hold the lien for three years, file an Internal Revenue Service Form 1099a, claim the full  
98 amount of the lien as abandoned funds, and deduct the full amount from the lender's tax  
99 liability. The lender, by this maneuver, gets consideration a second time. And still the  
100 lender is not done profiting from the deal.

101 After sale of the promissory note, the lender remains as the servicer for the investor. The  
102 lender will receive 3% of each payment the lender collects and renders to the investor  
103 pool. However, if the payment is late, the lender is allowed to assess an extra 5% and keep  
104 that amount. Also, if the loan defaults, the lender stands to gain thousands for handling the  
105 foreclosure.

106 The lender stands to profit more from a note that is overly expensive, than from a good  
107 stable loan. And where, you may ask, does all this profit come from? It comes from the  
108 equity the borrower had built up in the home. And still the lender is not finished profiting  
109 from the deal.

110 Another nail was driven in the American financial coffin when on the last day Congress  
111 was in session in 2000 when restrictions that had been in place since the economic  
112 collapse of 1907 were removed. Until 1907 investors were allowed to bet on stocks  
113 without actually buying them. This unbridled speculation led directly to an economic  
114 collapse. As a result the legislature banned the practice, until the year 2000. In 2000 the  
115 unscrupulous lenders got their way on the last day of the congressional session. Congress

116 removed the restriction banning derivatives and again allowed the practice, this time  
117 taking only 8 years to crash the stock market. This practice allowed the lender to profit  
118 further from the loan by betting on the failure of the security instrument he had just sold to  
119 the unwary investor, thus furthering the purpose of the lender to profit from both the  
120 borrower (consumer) and the investor.

121 The failure of so many loans recently resulted in a seven hundred and fifty billion dollar  
122 bailout at the expense of the taxpayer. The unsuspecting consumer was lulled into  
123 accepting the pronouncements of the lenders, appraisers, underwriters, and trustees as all  
124 were acting under the guise of government regulation and, therefore, the borrower had  
125 reason to expect good and fair dealings from all. Unfortunately, the regulations in place to  
126 protect the consumer from just this kind of abuse were simply being ignored.

127 The loan origination fee from the HUD1 settlement statement is the finder's fee paid for  
128 the referral of the client to the lender by a person acting as an agent for the borrower.  
129 Hereinafter, the person or entity who receives any portion of the yield spread premium, or  
130 a commission of any kind consequent to securing the loan agreement through from the  
131 borrower will be referred to as "Agent." The fee, authorized by the consumer protection  
132 law is restricted to 1% of the principal of the note. It was intended that the Agent, when  
133 seeking out a lender for the borrower, would seek the best deal for his client rather than  
134 who would pay him the most. That was the intent, but not the reality. The reality is that  
135 Agents never come away from the table with less than 2% or 3% of the principal. This is  
136 accomplished by undisclosed fees to the Agent in order to induce the Agent to breach his  
137 fiduciary duty to the borrower and convince the borrower to accept a more expensive loan  
138 product than the borrower qualifies for. This will generate more profits for the lender and,  
139 consequently, for the Agent.

140 It is a common practice for lenders to coerce appraisers to give a higher appraisal than is  
141 the fair market price. This allows the lender to increase the cost of the loan product and  
142 give the impression that the borrower is justified in making the purchase.

143 The lender then charges the borrower an underwriting fee in order to convince the  
144 borrower that someone with knowledge has gone over the conditions of the note and  
145 certified that they meet all legal criteria. The trustee, at closing, participates actively in the  
146 deception of the borrower by placing undue stress on the borrower to sign the large stack  
147 of paperwork without reading it. The trustee is, after all, to be trusted and has been paid to

148 insure the transaction. This trust is systematically violated for the purpose of taking unfair  
149 advantage of the borrower. The entire loan process is a carefully crafted contrive  
150 connivance designed and intended to induce the unsophisticated borrower into accepting a  
151 loan product that is beyond the borrowers means to repay. With all this, it should be a  
152 surprise to no one that this country is having a real estate crisis.

153 **PETITIONER WILL PROVE THE FOLLOWING**

154 Petitioner is prepared to prove, by a preponderance of evidence that:

- 155 • Lender has no legal standing to bring collection or foreclosure claims against the  
156 property;
- 157 • Lender is not a real party in interest in any contract which can claim a collateral  
158 interest in the property;
- 159 • even if Lender were to prove up a contract to which Lender had standing to enforce  
160 against Petitioner, no valid lien exists which would give Lender a claim against the  
161 property;
- 162 • even if Lender were to prove up a contract to which Lender had standing to enforce  
163 against Petitioner, said contract was fraudulent in its creation as endorsement was  
164 secured by acts of negligence, common law fraud, fraud by non-disclosure, fraud in  
165 the inducement, fraud in the execution, usury, and breaches of contractual and  
166 fiduciary obligations by Mortgagee or "Trustee" on the Deed of Trust, "Mortgage  
167 Agents," "Loan Originators," "Loan Seller," "Mortgage Aggregator," "Trustee of  
168 Pooled Assets," "Trustee or officers of Structured Investment Vehicle,"  
169 "Investment Banker," "Trustee of Special Purpose Vehicle/Issuer of Certificates of  
170 'Asset-Backed Certificates,'" "Seller of 'Asset-Backed' Certificates (shares or  
171 bonds)," "Special Servicer" and Trustee, respectively, of certain mortgage loans  
172 pooled together in a trust fund;
- 173 • Defendants have concocted a carefully crafted connivance wherein Lender  
174 conspired with Agents, et al, to strip Petitioner of Petitioner's equity in the property  
175 by inducing Plaintiff to enter into a predatory loan inflated loan product;
- 176 • Lender received unjust enrichment in the amount of 5% of each payment made late  
177 to Lender while Lender and Lender's assigns acted as servicer of the note;

- 178 • Lender and Lender's assigns, who acted as servicer in place of Lender, profited by  
179 handling the foreclosure process on a contract Lender designed to have a high  
180 probability of default;
- 181 • Lender intended to defraud Investor by converting the promissory note into a  
182 security instrument and selling same to Investor;
- 183 • Lender intended to defraud Investor and the taxpayers of the United States by  
184 withholding the lien document from the sale of the promissory note in order that  
185 Lender could then hold the lien for three years, then prepare and file Internal  
186 Revenue Form 1099a and falsely claim the full lien amount as abandoned funds  
187 and deduct same from Lender's income tax obligation;
- 188 • Lender defrauded backers of derivatives by betting on the failure of the promissory  
189 note the lender designed to default;
- 190 • participant Defendants, et al, in the securitization scheme described herein have  
191 devised business plans to reap millions of dollars in profits at the expense of  
192 Petitioner and others similarly situated.

### **PETITIONER SEEKS REMEDY**

193 In addition to seeking compensatory, consequential and other damages, Petitioner seeks  
194 declaratory relief as to what (if any) party, entity or individual or group thereof is the  
195 owner of the promissory note executed at the time of the loan closing, and whether the  
196 Deed of Trust (Mortgage) secures any obligation of the Petitioner, and a Mandatory  
197 Injunction requiring re-conveyance of the subject property to the Petitioner or, in the  
198 alternative a Final Judgment granting Petitioner Quiet Title in the subject property.  
199

### **PETITIONER HAS BEEN HARMED**

200 Petitioner has suffered significant harm and detriment as a result of the actions of Defendants.

201 Such harm and detriment includes economic and non-economic damages, and injuries to  
202 Petitioner's mental and emotional health and strength, all to be shown according to proof at trial.

203  
204 In addition, Petitioner will suffer grievous and irreparable further harm and detriment unless the  
205 equitable relief requested herein is granted.

206

**STATEMENT OF CLAIM**

207

***DEFENDANTS LACK STANDING***

208

**No evidence of Contractual Obligation**

209 Defendants claim a controversy based on a contractual violation by Petitioner but have failed to  
 210 produce said contract. Even if Defendants produced evidence of the existence of said contract in  
 211 the form of an allegedly accurate photocopy of said document, a copy is only hearsay evidence  
 212 that a contract actually existed at one point in time. A copy, considering the present state of  
 213 technology, could be easily altered. As Lender only created one original and that original was  
 214 left in the custody of Lender, it was imperative that Lender protect said instrument.

215 In as much as the Lender is required to present the original on demand of Petitioner, there can be  
 216 no presumption of regularity when the original is not so produced. In as much as Lender has  
 217 refused Petitioner's request of the chain of custody of the security instrument in question by  
 218 refusing to identify all current and past real parties in interest, there is no way to follow said  
 219 chain of custody to insure, by verified testimony, that no alterations to the original provisions in  
 220 the contract have been made. Therefore, the alleged copy of the original is only hearsay  
 221 evidence that an original document at one time existed. Petitioner maintains that, absent  
 222 production of admissible evidence of a contractual obligation on the part of Petitioner,  
 223 Defendants are without standing to invoke the subject matter jurisdiction of the court.

224

**No Proper Evidence of Agency**

225 Defendants claim agency to represent the principal in a contractual agreement involving  
 226 Petitioner, however, Defendants have failed to provide any evidence of said agency other than a  
 227 pronouncement that agency has been assigned by some person, the true identity and capacity of  
 228 whom has not been established. Defendants can hardly claim to be agents of a principal then  
 229 refuse to identify said principal. All claims of agency are made from the mouth of the agent with  
 230 no attempt to provide admissible evidence from the principal.

231 Absent proof of agency, Defendants lack standing to invoke the subject matter jurisdiction of the  
 232 court.

233           **Special Purpose Vehicle**

234 Since the entity now claiming agency to represent the holder of the security instrument is not the  
 235 original lender, Petitioner has reason to believe that the promissory note, upon consummation of  
 236 the contract, was converted to a security and sold into a special purpose vehicle and now resides  
 237 in a Real Estate Mortgage Investment Conduit (REMIC) as defined by the Internal Revenue  
 238 Code and as such, cannot be removed from the REMIC as such would be a prohibited  
 239 transaction. If the mortgage was part of a special purpose vehicle and was removed on  
 240 consideration of foreclosure, the real party in interest would necessarily be the trustee of the  
 241 special purpose vehicle. Nothing in the pleadings of Defendants indicates the existence of a  
 242 *special purpose vehicle, and the lack of a proper chain of custody documentation gives Petitioner*  
 243 cause to believe defendant is not the proper agent of the real party in interest.

244           ***CRIMINAL CONSPIRACY AND THEFT***

245 Defendants, by and through Defendant's Agents, conspired with other Defendants, et al, toward  
 246 a criminal conspiracy to defraud Petitioner. Said conspiracy but are not limited to acts of  
 247 negligence, breach of fiduciary duty, common law fraud, fraud by non-disclosure, and tortious  
 248 acts of conspiracy and theft, to include but not limited to, the assessment of improper fees to  
 249 Petitioner by Lender, which were then used to fund the improper payment of commission fees to  
 250 Agent in order to induce Agent to violate Agent's fiduciary duty to Petitioner.

251           ***AGENT PRACTICED UP-SELLING***

252 By and through the above alleged conspiracy, Agent practiced up-selling to Petitioner. In so  
 253 doing, Agent violated the trust relationship actively cultivated by Agent and supported by fact  
 254 that Agent was licensed by the state. Agent further defrauded Petitioner by failing to disclose  
 255 Agent's conspiratorial relationship to Lender, Agent violated Agent's fiduciary duty to  
 256 Petitioner and the duty to provide fair and honest services, through a series of carefully crafted  
 257 connivances, wherein Agent proactively made knowingly false and misleading statements of  
 258 alleged fact to Petitioner, and by giving partial disclosure of facts intended to directly mislead  
 259 Petitioner for the purpose of inducing Petitioner to make decisions concerning the acceptance of  
 260 a loan product offered by the Lender. Said loan product was *more expensive than Petitioner*  
 261 could legally afford. Agent acted with full knowledge that Petitioner would have made a  
 262 different decision had Agent given complete disclosure.

263       ***FRAUDULENT INDUCEMENT***

264   Lender maliciously induced Petitioner to accept a loan product, Lender knew, or should have  
 265   known, Petitioner could not afford in order to unjustly enrich Lender.

266       ***EXTRA PROFIT ON SALE OF PREDATORY LOAN PRODUCT***

267   Said more expensive loan product was calculated to produce a higher return when sold as a  
 268   security to an investor who was already waiting to purchase the loan as soon as it could be  
 269   consummated.

270       ***Extra Commission for Late Payments***

271   Lender acted with deliberate malice in order to induce Petitioner to enter into a loan agreement  
 272   that Lender intended Petitioner would have difficulty paying. The industry standard payment to  
 273   the servicer for servicing a mortgage note is 3% of the amount collected. However, if the  
 274   borrower is late on payments, a 5% late fee is added and this fee is retained by the servicer.  
 275   Thereby, the Lender stands to receive more than double the regular commission on collections if  
 276   the borrower pays late.

277       ***Extra Income for Handling Foreclosure***

278   Lender acted with deliberate malice in order to induce petitioner to enter into a loan agreement  
 279   on which Lender intended petitioner to default. In case of default, the Lender, acting as servicer,  
 280   receives considerable funds for handling and executing the foreclosure process.

281       ***Credit Default Swap Gambling***

282   Lender, after deliberately creating a loan intended to default is now in a position to bet on credit  
 283   default swap, commonly referred to as a derivative as addressed more fully below. Since Lender  
 284   designed the loan to fail, betting on said failure is essentially a sure thing.

285       ***LENDER ATTEMPTING TO FRAUDULENTLY COLLECT ON VOID LIEN***

286   Lender sold the security instrument after closing and received consideration in an amount in  
 287   excess of the lien held by Lender. Since Lender retained the lien document upon the sale of the  
 288   security instrument, Lender separated the lien from said security instrument, creating a fatal and  
 289   irreparable flaw.

290 When Lender received consideration while still holding the lien and said consideration was in  
291 excess of the amount of the lien, Lender was in a position such that he could not be harmed and  
292 could not gain standing to enforce the lien. The lien was, thereby, rendered void.

293 Since the separation of the lien from the security instrument creates such a considerable concern,  
294 said separation certainly begs a question: "Why would the Lender retain the lien when selling the  
295 security instrument?"

296 When you follow the money the answer is clear. The Lender will hold the lien for three years,  
297 then file an IRS Form 1099a and claim the full amount of the lien as abandoned funds and deduct  
298 the full amount from Lender's tax liability, thereby, receiving consideration a second time.

299 Later, in the expected eventuality of default by petitioner, Lender then claimed to transfer the  
300 lien to the holder of the security, however, the lien once satisfied, does not gain authority just  
301 because the holder, after receiving consideration, decides to transfer it to someone else.

302 ***LENDER PROFIT BY CREDIT DEFAULT SWAP DERIVATIVES***

303 Lender further stood to profit by credit default swaps in the derivatives market, by way of inside  
304 information that Lender had as a result of creating the faulty loans sure to default. Lender was  
305 then free to invest on the bet that said loan would default and stood to receive unjust enrichment  
306 a third time. This credit default swap derivative market scheme is almost totally responsible for  
307 the stock market disaster we now experience as it was responsible for the stock market crash in  
308 1907.

309 ***LENDER CHARGED FALSE FEES***

310 Lender charged fees to Petitioner that were in violation of the limitations imposed by the Real  
311 Estate Settlement Procedures Act as said fees were simply contrived and not paid to a third party  
312 vendor.

313 Lender charged other fees that were a normal part of doing business and should have been  
314 included in the finance charge.

315 Below is a listing of the fees charged at settlement. Neither at settlement, nor at any other time  
316 did Lender or Trustee provide documentation to show that the fees herein listed were valid,  
317 necessary, reasonable, and proper to charge Petitioner.

804	Credit Report	\$100.00
809	Mortgage Broker Fee	\$2,500.00
810	Doc Prep Fee	\$50.00
811	Misc Breakdown Fees	\$578.34
901	Interest from 2-22-06 to 3-15-06 @ 35.84/day (21 days)	\$752.64
903	Hazard Insurance Premium	\$314.23
1001	Hazard Insurance 2 months @ \$58.34 per month	\$116.68
1004	County Property Taxes 2 months @\$90.28 per month	\$180.56
1101	Settlement Fee	\$175.00
1105	Document prep Fee	\$30.00
1108	Title insurance	\$786.60
1111	Wire Fee	\$10.00
1112	Fedex Fee	\$60.00
1113	Misc	\$40.00
1201	Recording Fee	\$55.00
1303	Reconveyance fee	\$115.00
1304	4th quarter taxes	\$269.00
1305	Pay on account	\$11,590.00
1306	Pay on account	\$3,290.00
1307	Pay on account	\$967.00

318 Debtor is unable to determine whether or not the above fees are valid in accordance with the  
 319 restrictions provided by the various consumer protection laws. Therefore, please provide; a  
 320 complete billing from each vendor who provided the above listed services; the complete contact  
 321 information for each vendor who provided a billed service; clearly stipulate as to the specific  
 322 service performed; a showing that said service was necessary; a showing that the cost of said  
 323 service is reasonable; a showing of why said service is not a regular cost of doing business that  
 324 should rightly be included in the finance charge.

325 The above charges are hereby disputed and deemed unreasonable until such time as said charges  
 326 have been demonstrated to be reasonable, necessary, and in accordance with the limitations and  
 327 restrictions included in any and all laws, rules, and regulations intended to protect the consumer.

328 In the event lender fails to properly document the above charges, borrower will consider same as  
 329 false charges. The effect of the above amounts that borrower would pay over the life of the note  
 330 will be an overpayment of \$131,940.46 This amount will be reduced by the amount of items  
 331 above when said items are fully documented.

### 332 RESPA PENALTY

333 From a cursory examination of the records, with the few available, the apparent RESPA  
 334 violations are as follows: Good Faith Estimate not within limits, No HUD-1 Booklet, Truth In  
 335 Lending Statement not within limits compared to Note, Truth in Lending Statement not timely

336 presented, HUD-1 not presented at least one day before closing, No Holder Rule Notice in Note,  
 337 No 1<sup>st</sup> Payment Letter.

338 The closing documents included no signed and dated : Financial Privacy Act Disclosure; Equal  
 339 Credit Reporting Act Disclosure; notice of right to receive appraisal report; servicing disclosure  
 340 statement; borrower's Certification of Authorization; notice of credit score; RESPA servicing  
 341 disclosure letter; loan discount fee disclosure; business insurance company arrangement  
 342 disclosure; notice of right to rescind.

343 The courts have held that the borrower does not have to show harm to claim a violation of the  
 344 Real Estate Settlement Procedures Act, as the Act was intended to insure strict compliance. And,  
 345 in as much as the courts are directed to assess a penalty of no less than two hundred dollars and  
 346 no more than two thousand, considering the large number enumerated here, it is reasonable to  
 347 consider that the court will assess the maximum amount for each violation.

348 Since the courts have held that the penalty for a violation of RESPA accrues at consummation of  
 349 the note, borrower has calculated that, the number of violations found in a cursory examination  
 350 of the note, if deducted from the principal, would result in an overpayment on the part of the  
 351 borrower, over the life of the note, of \$195,493.68.

352 If the violation penalty amounts for each of the unsupported fees listed above are included, the  
 353 amount by which the borrower would be defrauded is \$182,784.94

354 Adding in RESPA penalties for all the unsupported settlement fees along with the TILA/Note  
 355 variance, it appears that lender intended to defraud borrower in the amount of \$510,219.08

**356        *LENDER CONSPIRED WITH APPRAISER***

357 Lender, in furtherance of the above referenced conspiracy, conspired with appraiser for the  
 358 purpose of preparing an appraisal with a falsely stated price, in violation of appraiser's fiduciary  
 359 duty to Petitioner and appraiser's duty to provide fair and honest services, for the purpose of  
 360 inducing Petitioner to enter into a loan product that was fraudulent toward the interests of  
 361 Petitioner.

**362        *LENDER CONSPIRED WITH TRUSTEE***

363 Lender conspired with the trust Agent at closing to create a condition of stress for the specific  
 364 purpose of inducing Petitioner to sign documents without allowing time for Petitioner to read and  
 365 fully understand what was being signed.

366 The above referenced closing procedure was a carefully crafted connivance, designed and  
 367 intended to induce Petitioner, through shame and trickery, in violation of trustee's fiduciary duty  
 368 to Petitioner and the duty to provide fair and honest services, to sign documents that Petitioner  
 369 did not have opportunity to read and fully understand, thereby, denying Petitioner full disclosure  
 370 as required by various consumer protection statutes.

371       ***DECEPTIVE ADVERTISING AND OTHER UNFAIR BUSINESS PRACTICES***

372 In the manner in which Defendants have carried on their business enterprises, they have engaged  
 373 in a variety of unfair and unlawful business practices prohibited by *15 USC Section 45 et seq.*  
 374 (Deceptive Practices Act).

375 Such conduct comprises a pattern of business activity within the meaning of such statutes, and  
 376 has directly and proximately caused Petitioner to suffer economic and non-economic harm and  
 377 detriment in an amount to be shown according to proof at trial of this matter.

378       ***EQUITABLE TOLLING FOR TILA AND RESPA***

379 The Limitations Period for Petitioners' Damages Claims under TILA and RESPA should be  
 380 Equitably Tolled due to the DEFENDANTS' Misrepresentations and Failure to Disclose.

381 Any claims for statutory and other money damages under the Truth in Lending Act (*15 U.S.C. §*  
 382 *1601, et. seq.*) and under the Real Estate Settlement Procedures Act (*12 U.S.C. § 2601 et. seq.*)  
 383 are subject to a one-year limitations period; however, such claims are subject to the equitable  
 384 tolling doctrine. The Ninth Circuit has interpreted the TILA limitations period in § 1640(e) as  
 385 subject to equitable tolling. In *King v. California*, 784 F.2d 910 (9th Cir.1986), the court held  
 386 that given the remedial purpose of TILA, the limitations period should run from the date of  
 387 consummation of the transaction, but that "the doctrine of equitable tolling may, in appropriate  
 388 circumstances, suspend the limitations period until the borrower discovers or has reasonable  
 389 opportunity to discover the fraud or nondisclosures that form the basis of the TILA action." *King*  
 390 *v. California*, 784 F.2d 910, 915 9th Cir. 1986).

391 Likewise, while the Ninth Circuit has not taken up the question whether *12 U.S.C. § 2614*, the  
 392 anti-kickback provision of **RESPA**, is subject to equitable tolling, other Courts have, and hold  
 393 that such limitations period may be equitably tolled. The Court of Appeals for the District of  
 394 Columbia held that § 2614 imposes a strictly jurisdictional limitation, *Hardin v. City Title &*

395 *Escrow Co.*, 797 F.2d 1037, 1039-40 (D.C. Cir. 1986), while the Seventh Circuit came to the  
396 opposite conclusion. *Lawyers Title Ins. Corp. v. Dearborn Title Corp.*, 118 F.3d 1157, 1164 (7th  
397 Cir. 1997). District courts have largely come down on the side of the Seventh Circuit in holding  
398 that the one-year limitations period in § 2614 is subject to equitable tolling. See, e.g., *Kerby v.*  
399 *Mortgage Funding Corp.*, 992 F.Supp. 787, 791-98 (D.Md.1998); *Moll v. U.S. Life Title Ins. Co.*,  
400 700 F.Supp. 1284, 1286-89 (S.D.N.Y.1988). Importantly, the Ninth Circuit, as noted above, has  
401 interpreted the TILA limitations period in 15 U.S.C. § 1640 as subject to equitable tolling; the  
402 language of the two provisions is nearly identical. *King v. California*, 784 F.2d at 914. While not  
403 of precedential value, this Court has previously found both the TILA and RESPA limitations  
404 periods to be subject to equitable tolling. *Blaylock v. First American Title Ins. Co.*, 504  
405 F.Supp.2d 1091, (W.D. Wash. 2007), 1106-07.

406 The Ninth Circuit has explained that the doctrine of equitable tolling "focuses on excusable delay  
407 by the Petitioner," and inquires whether "a reasonable Petitioner would ... have known of the  
408 existence of a possible claim within the limitations period." *Johnson v. Henderson*, 314 F.3d  
409 409, 414 (9th Cir.2002), *Santa Maria v. Pacific Bell*, 202 F.3d 1170, 1178 (9th Cir.2000).  
410 Equitable tolling focuses on the reasonableness of the Petitioner's delay and does not depend on  
411 any wrongful conduct by the Defendants. *Santa Maria*, at 1178.

**412 BUSINESS PRACTICES CONCERNING DISREGARDING OF UNDERWRITING  
413 STANDARDS**

414 Traditionally, Lenders required borrowers seeking mortgage loans to document their income and  
415 assets by, for example, providing W-2 statements, tax returns, bank statements, documents  
416 evidencing title, employment information, and other information and documentation that could  
417 be analyzed and investigated for its truthfulness, accuracy, and to determine the borrower's  
418 ability to repay a particular loan over both the short and long term. Defendants deviated from and  
419 disregarded these standards, particularly with regard to its riskier and more profitable loan  
420 products.

## 421 Low-Documentation/No-Documentation Loans.

422 Driven by its desire for market share and a perceived need to maintain competitiveness with the  
423 likes of Countrywide, Defendants began to introduce an ever increasing variety of low and no  
424 documentation loan products, including the ARMs and HELOCs described hereinabove, and  
425 began to deviate from and ease its underwriting criteria, and then to grant liberal exceptions to

426 the already eased underwriting standards to the point of disregarding such standards. This  
427 quickened the loan origination process, allowing for the generation of more and more loans  
428 which could then be resold and/or securitized in the secondary market.

429 Defendants marketed no-documentation/low-documentation loan programs that included ARMs  
430 and HELOCs, among others, in which loans were given based on the borrower's "stated income"  
431 or "stated assets" (SISA) neither of which were verified. Employment was verbally confirmed, if  
432 at all, but not further investigated, and income, if it was even considered as a factor, was to be  
433 roughly consistent with incomes in the types of jobs in which the borrower was employed. When  
434 borrowers were requested to document their income, they were able to do so through information  
435 that was less reliable than in a full-documentation loan.

436 For stated income loans, it became standard practice for loan processors, loan officers and  
437 underwriters to rely on [www.salary.com](http://www.salary.com) to see if a stated income was reasonable. Such stated  
438 income loans, emphasizing loan origination from a profitability standpoint at the expense of  
439 determining the ability of the borrower to repay the loan from an underwriting standpoint,  
440 encouraged the overstating and/or fabrication of income.

441 **Easing of Underwriting Standards**

442 In order to produce more loans that could be resold in the secondary mortgage market,  
443 Defendants also relaxed, and often disregarded, traditional underwriting standards used to  
444 separate acceptable from unacceptable risk. Examples of such relaxed standards were reducing  
445 the base FICO score needed for a SISA loan.

446 Other underwriting standards that Defendants relaxed included qualifying interest rates (the rate  
447 used to determine whether borrowers can afford the loan), loan to value ratios (the amount of  
448 loan(s) compared to the appraised/sale price of the property, whichever is lower), and debt-to-  
449 income ratios (the amount of monthly income compared to monthly debt service payments and  
450 other monthly payment obligations).

451 With respect to ARMS, Defendants underwrote loans without regard to the borrower's long-term  
452 financial circumstances, approving the loan based on the initial fixed rate without taking into  
453 account whether the borrower could afford the substantially higher payment that would  
454 inevitably be required during the remaining term of the loan.

455 With respect to HELOCs, Defendants underwrote and approved such loans based only on the  
 456 borrower's ability to afford the interest-only payment during the initial draw period of the loan,  
 457 rather than on the borrower's ability to afford the subsequent, fully amortized principal and  
 458 interest payments.

459 As Defendants pushed to expand market share, they eased other basic underwriting standards.  
 460 For example, higher loan-to-value (LTV) and combined loan-to-value (CLTV) ratios were  
 461 allowed. Likewise, higher debt-to-income (DTI) ratios were allowed. At the same time that they  
 462 eased underwriting standards the Defendants also were encouraging consumers to go further into  
 463 debt in order to supply the very lucrative aftermarket of mortgage backed securities. The relaxed  
 464 underwriting standards created the aftermarket supply they needed. As a result, the Defendants  
 465 made it easy for the unwary consumer to take on more debt than he could afford by encouraging  
 466 unsound financial practices, all the while knowing defaults would occur more and more  
 467 frequently as the credit ratios of citizens reached the limit of the new relaxed underwriting  
 468 standards.

469 Defendants knew, or in the exercise of reasonable care should have known, from its own  
 470 underwriting guidelines industry standards that it was accumulating and selling/reselling risky  
 471 loans that were likely to end up in default. However, as the pressure mounted to increase market  
 472 share and originate more loans, Defendants began to grant "exceptions" even to its relaxed  
 473 underwriting guidelines. Such was the environment that loan officers and underwriters were,  
 474 from time to time, placed in the position of having to justify why they did not approve a loan that  
 475 failed to meet underwriting criteria.

476 **Risk Layering**

477 Defendants compromised its underwriting even further by risk layering, i.e. combining high risk  
 478 loans with one or more relaxed underwriting standards.

479 Defendants knew, or in the exercise of reasonable care should have known, that layered risk  
 480 would increase the likelihood of default. Among the risk layering Defendants engaged in were  
 481 approving ARM loans with little to no down payment, little to no documentation, and high  
 482 DTI/LTV/CLTV ratios. Despite such knowledge, Defendants combined these very risk factors in  
 483 the loans it promoted to borrowers.

484 Loan officers and mortgage Agents aided and abetted this scheme by working closely with other  
485 mortgage Lenders/mortgage bankers to increase loan originations, knowing or having reason to  
486 believe that Defendants and other mortgage Lenders/mortgage bankers with whom they did  
487 business ignored basic established underwriting standards and acted to mislead the borrower, all  
488 to the detriment of the borrower and the consumer of loan products..

489 Petitioner is informed and believe, and on that basis allege, that Defendants, and each of them,  
490 engaged and/or actively participated in, authorized, ratified, or had knowledge of, all of the  
491 business practices described above in paragraphs 30-42 of this Complaint

492 ***UNJUST ENRICHMENT***

493 Petitioner is informed and believes that each and all of the Defendants received a benefit at  
494 Petitioner's expense, including but not limited to the following: To the Agent, commissions,  
495 yield spread premiums, spurious fees and charges, and other "back end" payments in amounts to  
496 be proved at trial; To the originating Lender, commissions, incentive bonuses, resale premiums,  
497 surcharges and other "back end" payments in amounts to be proved at trial; To the investors,  
498 resale premiums, and high rates of return; To the servicers including EMS, servicing fees,  
499 percentages of payment proceeds, charges, and other "back end" payments in amounts to be  
500 proved at trial; To all participants, the expectation of future revenues from charges, penalties and  
501 fees paid by Petitioner when the unaffordable LOAN was foreclosed or refinanced.

502 By their misrepresentations, omissions and other wrongful acts alleged heretofore, Defendants,  
503 and each of them, were unjustly enriched at the expense of Petitioner, and Petitioner was unjustly  
504 deprived, and is entitled to restitution in the amount of \$310,219.08

505 ***CLAIM TO QUIET TITLE.***

506 Petitioner properly averred a claim to quiet title. Petitioner included both the street address, and  
507 the Assessor's Parcel Number for the property. Petitioner has set forth facts concerning the title  
508 interests of the subject property. Moreover, as shown above, Petitioner's claims for rescission  
509 and fraud are meritorious. As such, Petitioner's bases for quiet title are meritorious as well.

510 Defendants have no title, estate, lien, or interest in the Subject Property in that the purported  
511 power of sale contained in the Deed of Trust is of no force or effect because Defendants' security  
512 interest in the Subject Property has been rendered void and that the Defendants are not the holder

513 in due course of the Promissory Note. Moreover, because Petitioner properly pled all Defendants'  
 514 involvement in a fraudulent scheme, all Defendants are liable for the acts of its co-conspirators,

515 "a Petitioner is entitled to damages from those Defendants who concur in the tortious  
 516 scheme with knowledge of its unlawful purpose." *Wyatt v. Union Mortgage Co.*, 24 Cal.  
 517 3d 773, 157 Cal. Rptr. 392, 598 P.2d 45 (1979); *Novartis Vaccines and Diagnostics, Inc.*  
 518 v. Stop Huntingdon Animal Cruelty USA, Inc., 143 Cal. App. 4th 1284, 50 Cal. Rptr. 3d  
 519 27 (1st Dist. 2006); *Kidron v. Movie Acquisition Corp.*, 40 Cal. App. 4th 1571, 47 Cal.  
 520 Rptr. 2d 752 (2d Dist. 1995).

521 **SUFFICIENCY OF PLEADING**

522 Petitioner has sufficiently pled that relief can be granted on each and every one of the  
 523 Complaint's causes of action. A complaint should not be dismissed "unless it appears beyond  
 524 doubt that the Petitioner can prove no set of facts in support of Petitioner claim which would  
 525 entitle Petitioner to relief." *Housley v. U.S. (9th Cir. Nov. 1994)* 35 F.3d 400, 401. "All  
 526 allegations of material fact in the complaint are taken as true and construed in the light most  
 527 favorable to Petitioner." *Argabright v. United States*, 35 F.3d 1476, 1479 (9th Cir. 1996).

528 Attendant, the Complaint includes a "short, plain statement, of the basis for relief." Fed. Rule Civ. Proc.  
 529 8(a). The Complaint contains cognizable legal theories, sufficient facts to support cognizable legal  
 530 theories, and seeks remedies to which Petitioner is entitled. *Balistreri v. Pacifica Police Dept.*, 901 F.2d  
 531 696, 699 (9th Cir. 1988); *King v. California*, 784 F.2d 910, 913 (9th Cir. 1986). Moreover, the legal  
 532 conclusions in the Complaint can and should be drawn from the facts alleged, and in turn, the court  
 533 should accept them as such. *Clegg v. Cult Awareness Network*, 18 F.3d 752 (9th Cir. 1994). Lastly,  
 534 Petitioner's complaint contains claims and has a probable validity of proving a "set of facts" in support of  
 535 their claim entitling them to relief. *Housley v. U.S. (9th Cir. Nov. 1994)* 35 F.3d 400, 401. Therefore,  
 536 relief as requested herein should be granted.

537 **CAUSES OF ACTION**

538 **BREACH OF FIDUCIARY DUTY**

539 Defendants Agent, appraiser, trustee, Lender, et al, and each of them, owed Petitioner a fiduciary  
 540 duty of care with respect to the mortgage loan transactions and related title activities involving  
 541 the Trust Property.

542 Defendants breached their duties to Petitioner by, *inter alia*, the conduct described above. Such  
543 breaches included, but were not limited to, ensuring their own and Petitioners' compliance with  
544 all applicable laws governing the loan transactions in which they were involved, including but  
545 not limited to, TILA, HOEPA, RESPA and the Regulations X and Z promulgated there under.

546 Defendant's breaches of said duties were a direct and proximate cause of economic and non-  
547 economic harm and detriment to Petitioner(s).

548 Petitioner did suffer economic, non-economic harm, and detriment as a result of such conduct,  
549 all to be shown according to proof at trial of this matter.

550       ***CAUSE OF ACTION - NEGLIGENCE/NEGLIGENCE PER SE***

551 Defendants owed a general duty of care with respect to Petitioners, particularly concerning their  
552 duty to properly perform due diligence as to the loans and related transactional issues described  
553 hereinabove.

554 In addition, Defendants owed a duty of care under TILA, HOEPA, RESPA and the Regulations  
555 X and Z promulgated there under to, among other things, provide proper disclosures concerning  
556 the terms and conditions of the loans they marketed, to refrain from marketing loans they knew  
557 or should have known that borrowers could not afford or maintain, and to avoid paying undue  
558 compensation such as "yield spread premiums" to mortgage Agents and loan officers.

559 Defendants knew or in the exercise of reasonable care should have known, that the loan  
560 transactions involving Petitioner and other persons similarly situated were defective, unlawful,  
561 violative of federal and state laws and regulations, and would subject Petitioner to economic and  
562 non-economic harm and other detriment.

563 Petitioner is among the class of persons that TILA, HOEPA, RESPA and the Regulations X and  
564 Z promulgated there under were intended and designed to protect, and the conduct alleged  
565 against Defendants is the type of conduct and harm which the referenced statutes and regulations  
566 were designed to deter.

567 As a direct and proximate result of Defendant's negligence, Petitioner suffered economic and  
568 non-economic harm in an amount to be shown according to proof at trial.

569       ***AGENT: COMMON LAW FRAUD***

570       If any Agents' misrepresentations made herein were not intentional, said misrepresentations were  
 571       negligent. When the Agents made the representations alleged herein, he/she/it had no reasonable  
 572       ground for believing them to be true.

573       Agents made these representations with the intention of inducing Petitioner to act in reliance on  
 574       these representations in the manner hereafter alleged, or with the expectation that Petitioner  
 575       would so act.

576       Petitioner is informed and believes that Agent et al, facilitated, aided and abetted various Agents  
 577       in their negligent misrepresentation, and that various Agents were negligent in not implementing  
 578       procedures such as underwriting standards oversight that would have prevented various Agents  
 579       from facilitating the irresponsible and wrongful misrepresentations of various Agents to  
 580       Defendants.

581       Petitioner is informed and believes that Agent acted in concert and collusion with others named  
 582       herein in promulgating false representations to cause Petitioner to enter into the LOAN without  
 583       knowledge or understanding of the terms (hereof).

584       As a proximate result of the negligent misrepresentations of Agents as herein alleged, the  
 585       Petitioner sustained damages, including monetary loss, emotional distress, loss of credit, loss of  
 586       opportunities, attorney fees and costs, and other damages to be determined at trial. As a  
 587       proximate result of Agents' breach of duty and all other actions as alleged herein, Plaintiff has  
 588       suffered severe emotional distress, mental anguish, harm, humiliation, embarrassment, and  
 589       mental and physical pain and anguish, all to Petitioner's damage in an amount to be established  
 590       at trial.

591       ***PETITIONER PROPERLY AVERRED A CLAIM FOR BREACH OF THE IMPLIED  
 592       COVENANT OF GOOD FAITH AND FAIR DEALING.***

593       Petitioner properly pled Defendants violated the breach of implied covenant of good faith and  
 594       fair dealing. "Every contract imposes upon each party a duty of good faith and fair dealing in its  
 595       performance and its enforcement." *Price v. Wells Fargo Bank*, 213 Cal.App.3d 465, 478, 261  
 596       Cal.Rptr. 735 (1989); Rest.2d Contracts § 205. A mortgage Agent has fiduciary duties. *Wyatt v.*

597   Union Mortgage Co., (1979) 24 Cal. 3d. 773. Further, In *Jonathan Neil & Associates, Inc. v*  
 598 *Jones, (2004) 33 Cal. 4th 917*, the court stated:

599   In the area of insurance contracts the covenant of good faith and fair dealing has taken on a  
 600 particular significance, in part because of the special relationship between the insurer and the  
 601 insured. The insurer, when determining whether to settle a claim, must give at least as much  
 602 consideration to the welfare of its insured as it gives to its own interests. . . The standard is  
 603 premised on the insurer's obligation to protect the insured's interests . . . *Id. at 937.*

604   Likewise, there is a special relationship between an Agent and borrower. "A person who  
 605 provides Agency services to a borrower in a covered loan transaction by soliciting Lenders or  
 606 otherwise negotiating a consumer loan secured by real property, is the fiduciary of the  
 607 consumer...this fiduciary duty [is owed] to the consumer regardless of whom else the Agent may  
 608 be acting as an Agent for . . . The fiduciary duty of the Agent is to deal with the consumer in  
 609 *good faith*. If the *Agent knew or should have known that the Borrower will or has a likelihood of*  
 610 *defaulting ... they have a fiduciary duty to the borrower not to place them in that loan.*"  
 611 (California Department of Real Estate, *Section 8: Fiduciary Responsibility*, [www.dre.ca.gov](http://www.dre.ca.gov)).  
 612 [Emphasis Added].

613   All Defendants, willfully breached their implied covenant of good faith and fair dealing with  
 614 Petitioner when Defendants: (1) Failed to provide all of the proper disclosures; (2) Failed to  
 615 provide accurate Right to Cancel Notices; (3) Placed Petitioner into Petitioner's current loan  
 616 product without regard for other more affordable products; (4) Placed Petitioner into a loan  
 617 without following proper underwriting standards; (5) Failed to disclose to Petitioner that  
 618 Petitioner was going to default because of the loan being unaffordable; (6) Failed to perform  
 619 valid and/or properly documented substitutions and assignments so that Petitioner could  
 620 ascertain Petitioner rights and duties; and (7) Failed to respond in good faith to Petitioner's  
 621 request for documentation of the servicing of Petitioner's loan and the existence and content of  
 622 relevant documents. Additionally, Defendants breached their implied covenant of good faith and  
 623 fair dealing with Petitioner when Defendants initiated foreclosure proceedings even without the  
 624 right under an alleged power of sale because the purported acceleration was not necessitated and by  
 625 willfully and knowingly financially profiting from their malfeasance. Therefore, due to the  
 626 special relationship inherent in a real estate transaction between Agent and borrower, and all  
 627 Defendants' participation in the conspiracy, the Motion to Dismiss should be denied.

628       ***CAUSE OF ACTION VIOLATION OF TRUTH IN LENDING ACT 15 U.S.C. §1601 ET  
629       SEQ***

630       Petitioner hereby incorporates by reference, re-pleads and re-alleges each and every allegation  
631       contained in all of the paragraphs of the General Allegations and Facts Common to All Causes of  
632       Action as though the same were set forth herein.

633       Petitioner is informed and believes that Defendant's violation of the provisions of law rendered  
634       the credit transaction null and void, invalidates Defendant's claimed interest in the Subject  
635       Property, and entitles Petitioner to damages as proven at trial.

636       ***INTENTIONAL INFILCTION OF EMOTIONAL DISTRESS***

637       The conduct committed by Defendants, driven as it was by profit at the expense of increasingly  
638       highly leveraged and vulnerable consumers who placed their faith and trust in the superior  
639       knowledge and position of Defendants, was extreme and outrageous and not to be tolerated by  
640       civilized society.

641       Defendants either knew that their conduct would cause Petitioner to suffer severe emotional  
642       distress, or acted in conscious and/or reckless disregard of the probability that such distress  
643       would occur.

644       Petitioner did in fact suffer severe emotional distress as an actual and proximate result of the  
645       conduct of Defendants as described hereinabove.

646       As a result of such severe emotional distress, Petitioner suffered economic and non-economic  
647       harm and detriment, all to be shown according to proof at trial of this matter.

648       Petitioner demands that Defendants provide Petitioner with release of lien on the lien signed by  
649       Petitioner and secure to Petitioner quite title;

650       Petitioner demands Defendants disgorge themselves of all enrichment received from Petitioner  
651       as payments to Defendants based on the fraudulently secured promissory note in an amount to be  
652       calculated by Defendants and verified to Petitioner;

653       Petitioner further demands that Defendants pay to Petitioner an amount equal to treble the  
654       amount Defendants intended to defraud Petitioner of which amount Petitioner calculated to be  
655       equal to \$1,530,657.24

656

**REQUEST FOR TEMPORARY INJUNCTION**

657

Plaintiff will suffer imminent and irreparable injury if defendant is not enjoined from foreclosing on the property owned by Plaintiff. Fed. R. Civ. P. 65(b)(1); *see Sampson v. Murray*, 415 U.S. 61, 88-89 & n.59, 94 S. Ct. 937, 951-52 & n.59 (1974).

660

There is no adequate remedy at law because once the foreclosure sale has taken place Plaintiff will suffer the complete loss of the property as defendant will sell the property to a third party who will have a right to possession without regard to the claims Plaintiff has against defendant. (*See N. Cal. Power Agency v. Grace Geothermal Corp.*, 469 U.S. 1306, 1306, 105 S. Ct. 459, 459 (1984); *Wilson v. Ill. S. Ry. Co.*, 263 U.S. 574, 576-77, 44 S. Ct. 203, 203-04 (1924); *Winston v. Gen. Drivers, Warehousemen & Helpers Local Un. No. 89*, 879 F. Supp. 719, 725 (W.D. Ky. 1995).

667

There is a substantial likelihood that plaintiff will prevail on the merits. *Schiavo v. Schiavo*, 403 F.3d 1223, 1225 (11th Cir. 2005). Plaintiff will be able to show that:

669

- that the alleged real party in interest is unable to prove standing to foreclose against and sell the property;

671

- Defendant has no agency to represent the real party in interest;

672

- that the lender committed numerous acts, as listed above, that have the effect of rendering the contract, through which defendant claims authority, void and unenforceable.

675

The threatened harm to plaintiff outweighs the harm that a preliminary injunction would inflict on defendant. *Schiavo*, 403 F.3d at 1225-26. If defendant is temporarily restrained from selling the instant property, the defendant and plaintiff will benefit as if plaintiff is forced to vacate the property, the property will sit empty for the duration of the action. Plaintiff will suffer loss of the use of said property and will loose opportunity to maintain same and defendant will suffer loss by having to maintain an empty property that cannot be insured.

681

Issuance of a preliminary injunction would not adversely affect the public interest and public policy because there are already a great number of empty houses with the current residential foreclosure mess. Adding more will simply increase the burden on the local as it will create opportunity for vandalism and further other criminal activity.

685 Plaintiff is willing to post a bond in the amount the court deems appropriate.

686 The court should enter this preliminary injunction without notice to defendant because  
687 plaintiff will suffer immediate and irreparable injury, loss, or damage if the order is not granted  
688 before defendant can be heard as **defendant has made it clear that sale and eviction from the**  
689 **property are imminent.** *First Tech. Safety Sys. v. Depinet*, 11 F.3d 641, 650 (6th Cir. 1993). If  
690 said sale is allowed to take place, Plaintiff will be irreparably harm. {See O'Connor's Federal  
691 Rules, "Ex parte," ch. 2-D, §3.1.3, p. 77.}

692 Plaintiff asks the court to set the request for a preliminary injunction for hearing at the  
693 earliest possible time.

694 **CONCLUSION**

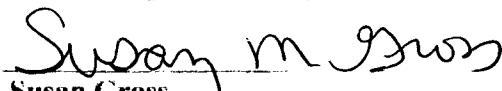
695 13. Plaintiff has filed suit against defendant wherein Plaintiff has claimed numerous causes  
696 of action against defendant. A number of the allegations made by Plaintiff are incontrovertible  
697 by defendant, therefore, Plaintiff will prevail on a number of the above allegations by way of  
698 existing records. For these reasons, plaintiff asks the court to issue a preliminary injunction  
699 preventing defendant from foreclosing on the property.

700 **PRAYER**

701 15. For these reasons, plaintiff asks that the court do the following:

- 702 a. Defendant be prevented from foreclosing on and selling the property until and  
703 unless defendant prevails in the current litigation.
- 704 b. Enter judgment for plaintiff.
- 705 c. Award costs of court
- 706 d. Grant any other relief it deems appropriate.

707 **Respectfully Submitted,**

708   
709 Susan Gross  
710 Susan Gross  
711

712

## VERIFICATION

713

714

715 I, Susan Gross , do swear and affirm that all statements made herein are true and accurate, in all  
716 respects, to the best of my knowledge.

717

Susan Gross  
8160 Mohawk Lane  
Reno , NV

720

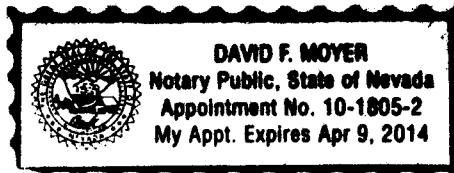
721 The Person above, who proved to me on the basis of satisfactory evidence to be the person  
722 whose name is subscribed to this document and acknowledged to me that he/she executed the  
723 same in his authorized capacity and that by his signature on this instrument who is the person  
724 who executed this instrument.

725

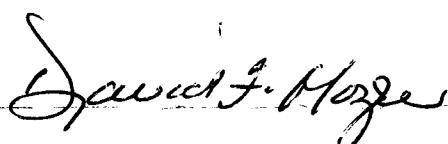
I certify under PENALTY OF PERJURY under the laws of this State that the foregoing  
726 paragraph is true and correct.

727

728 Witness my hand and official seal.



729



A handwritten signature of "David F. Moyer" in black ink, written over a horizontal line.

730

NOTARY PUBLIC IN AND FOR  
THE STATE OF NEVADA  
WASHOE COUNTY

Notary Seal

731

732

733

734